> May 2018

AMP CAPITAL GLOBAL PROPERTY SECURITIES FUND - MFUND CLASS R (ASX CODE: ACA04)

Aims to generate income and capital growth on a rolling 3 year basis from a diversified, actively managed portfolio of listed global property securities.

Performance summary

- The Fund produced another strong return in May, though underperformed the global benchmark for the period.
- Global listed real estate markets made strong returns during May as equity markets continued to recover from the correction seen at the start of 2018.
- As loose monetary policy is unwound, investors should expect greater volatility than has been seen over recent years.

Investment approach

To take advantage of global real estate market conditions, as well as country specific opportunities, the Fund's investment style combines a macroeconomic (top-down) approach to regional and country allocations, with a stock specific (bottom-up) selection process, with the objective of identifying global listed property securities that show the potential for high returns over the long term. The Fund is managed by an investment team made up of on-the-ground regional investment specialists based in Sydney, Chicago, London and Hong Kong.

For more information visit ampcapital.com.au

Performance – as at 31 May 2018

Inception Date: 29 Nov 2004

Performance benchmark: [1] FTSE EPRA/NAREIT Developed Index Hedged in AUD Net TRI

Management costs:** 0.99%

**The Fund PDS outlines management costs components, as well as other fees and costs that may apply to your investment. You can review the PDS at www.ampcapital.com.au

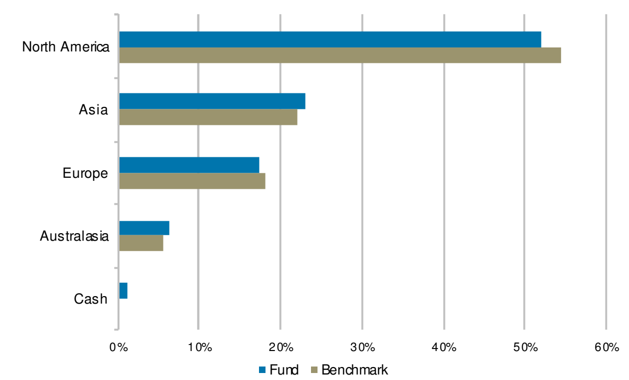
%	1 mth	3 mth	1 yr	3 yr	5 yr	Incept
Total return - after fees	1.16	6.93	6.19	3.23	7.58	7.72
Distribution	0.00	0.51	4.44	2.25	2.06	7.40
Growth	1.16	6.42	1.75	0.98	5.52	0.31
Benchmark	2.23	7.66	4.81	6.18	8.95	7.28

Past performance is not a reliable indicator of future performance.

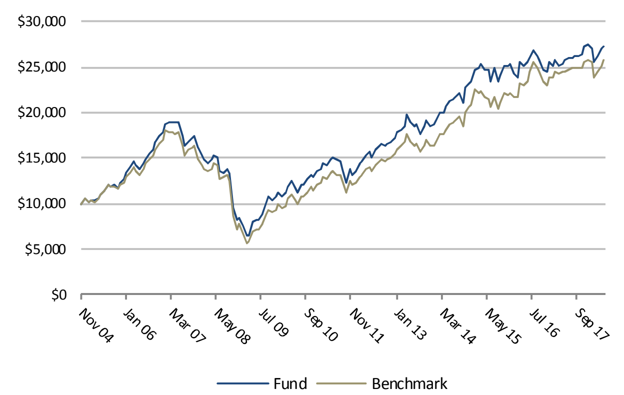
Performance is annualised for periods greater than one year.

Total returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after fees and costs, assume all distributions are reinvested. As the inception dates for class R is 5 December 2014, past performance is reported using class A fees up to 5 December 2014, and the class R fees thereafter. The fees for class A and class R are the same.

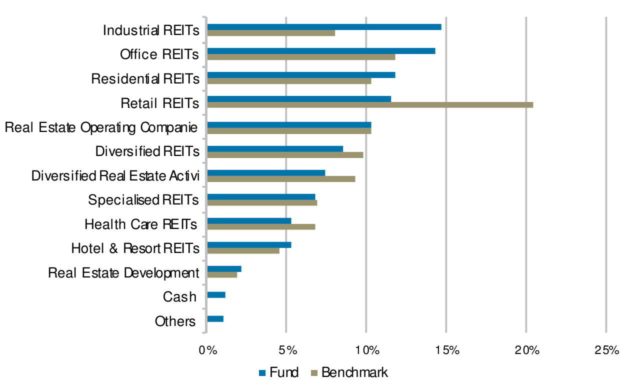
Regional allocation



$10,000 invested since inception



Sector allocation



Top 10 holdings

Security Details	% Portf	% Bench
PROLOGIS INC	3.55	2.34
ALEXANDRIA REAL ESTATE EQUITIES	3.18	0.86
GOODMAN GROUP	2.81	0.86
KILROY REALTY CORP	2.48	0.51
WELLTOWER INC	2.46	1.47
SEGRO PLC	2.41	0.60
INVITATION HOMES INC	2.38	0.44
GECINA SA	2.27	0.55
SIMON PROPERTY GROUP INC	2.20	3.43
AROUNDTOWN SA	2.13	0.33

1. The benchmark for this Fund changed on 1 October 2016 to the FTSE EPRA/NAREIT Developed Index Hedged in AUD Net TRI from the FTSE EPRA/NAREIT Developed Rental Index Hedged in AUD Net TRI. Past performance from 1 October 2016 is reported against the FTSE EPRA/NAREIT Developed Index Hedged in AUD Net TRI. Past performance from 1 October 2011 to 1 October 2016 is reported against the FTSE EPRA/NAREIT Developed Rental Index Hedged in AUD Net TRI. Past performance of the Fund prior to 1 October 2011 is reported against the UBS Global Real Estate Investors Index (Hedged in AUD) on a gross of withholding tax basis prior to 30 September 2004, and on a net of withholding tax basis from 30 September 2004 to 30 September 2011

Performance and activity

The Global Property Securities Fund produced another strong return in May, though underperformed the global benchmark for the period.

On an industry sector basis, stock selection was positive, though asset allocation was negative relative to benchmark. On a sector basis, the Fund's diversified-sector holdings provided the largest positive contributions to the return, whilst all other sectors were negative relative to benchmark for the month.

At a stock level, a significant positive contribution to the Fund's relative performance came from our overweight holding in Park Hotels & Resorts Inc. Park Hotels & Resorts is a US based owner of Hilton branded hotels in urban markets which was spun out of Hilton Worldwide Holdings in January 2017. The company offers services and amenities such as accommodation, dining, meeting and wedding rooms, spas and fitness centres. It has the potential to reaccelerate its growth in revenue per available room, opportunities to boost internal growth, investment and development and also the potential to generate growth from acquisitions. The stock screens relatively attractive on the valuation metrics. Hotel markets have underperformed over the last two years as global economic weakness lead to a reduction in corporate travel budgets and thus less travel by higher margin business travellers. However since the start of 2018, the US economy in particular has improved following tax reforms, and annual travel budgets have been reset. This has led to improvements in first quarter hotel earnings, which has boosted investor sentiment. The company outperformed the market during the period when it released its first quarter 2018 results that announced a 2.0% increase in comparable revenue per available room, relative to the same period 2017.

Equinix Inc was a significant detractor the Fund's relative performance. Equinix invests in interconnected data centres across the globe. It focusses on developing network and cloud-neutral platforms for cloud and information technology companies, enterprises, network and mobile services providers and also financial services companies. Its ecosystem and carrier-neutral strategy delivers what is amongst the most highly connected networks on the globe. Consequently, substantial opportunities exist to grow the revenue and profitability of the business. The company underperformed the market during the period despite announcing first quarter 2018 earnings results that showed a 28% increase in revenue year-on-year and a 10% increase on a normalised and constant currency basis. In May the US market saw investors rotate funds out of those parts of the market that have strongly outperformed the market recently, such as data centres, and re-invest funds into markets that appear more attractively valued following recent market underperformance.

Market commentary

Global listed real estate made strong returns during May as equity markets continued to recover from the correction seen at the start of 2018.

Hotel markets have underperformed over the last two years as global economic weakness lead to a reduction in corporate travel budgets and thus less travel by higher margin business travellers. However since the start of 2018, the US economy in particular has improved following tax reforms, and annual travel budgets have been reset. This has led to improvements in first quarter hotel earnings which has boosted investor sentiment.

This market was further buoyed when the previously announced takeover of LaSalle Hotel Properties by Pebblebrook Hotel Trust appeared to be overtaken this month when LaSalle Hotel Properties agreed to be bought by The Blackstone Group. Its offer of US$33.50 per share was lower than that of Pebblebrook Hotel Trust, but crucially was all-cash.

The growth in leisure travel across Asia and the recovery in global business travel contributed to a 3.8% month-on-month rise in revenue per available room in Singapore hotels in April. The occupancy level rose 1.6% to 82.4% and the average daily rate rose 2.2%, according to preliminary data issued by STR, the US-based hotel market data provider.

Healthcare is sometimes perceived as a 'bond proxy' by some investors and underperformed as bond yields rose over recent months. However, first quarter US financial results exceeded investor expectations and led to stocks outperforming the market during May. Omega Healthcare Investors was especially strong, as it announced a restructuring deal with one of its largest tenants, Orianna Health Systems and better than expected reimbursement increases for patients funded by the US Government. This market drew further strength from the acquisition of Quality Care Properties by Welltower and ProMedica Health System.

In Australia, Ryman Healthcare continued its extended period of market outperformance when it announced a significant expansion in its medium-term development plans in Australia and New Zealand.

The office market continues to perform well as the global economic recovery remains ongoing. Spain is especially attractive, where Inmobiliaria Colonial, which owns prime Madrid, Barcelona and Paris offices, announced its first quarter 2018 earnings results during the period. Total rental income increased by 19%, while like-for-like rental income rose by 6% overall and by a particularly strong 8% in Madrid.

The Blackstone Group made a A$3.14 billion offer to acquire Australia's Investa Office Group, a 13.2% premium to its 25 May closing market price and a 4.0% premium to net tangible assets. The proposed deal for the 37-property portfolio highlights the ongoing strength of the Australian office market.

It is reported that Charter Hall Group will acquire The Blackstone Group's 50% stake in the office block at 275 Kent Street, Sydney for more than A$850 million, a capitalisation rate of less than 4.5%. This may lead to further positive revaluations of office assets and is an illustration of the robust transactional market in major global cities that continues to attract international office investors focussed on long-term growth despite low yields.

There were also signs that the recovery in the Singapore economy is leading to its office market seeing rents improve as CapitaLand Commercial Trust reported an occupancy rate of 97.3% in its first quarter results.

Investment objective

To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis.

Facts

Fund size	$1,458.01 million
Minimum suggested time frame	5 years
Minimum initial investment	$10,000
Buy/sell spread	+0.30/-0.30

Distribution frequency	Quarterly
Date of last distribution	Mar 2018
Distribution cents per unit	0.50

For more information

T: 1800 658 404

F: 1800 630 066

W: www.ampcapital.com.au

Or your state account manager

APIR Code AMP9026AU

AMP Capital Investors Limited

ABN 59 001 777 591, AFSL 232497

The Hong Kong office market continued to strengthen, especially in Central where demand is growing as banking and professional services firms expand. Rents grew at their fastest rate for two years according to JLL, rising 1.1% month-on-month as vacancy rates remain low at 4.4% overall and just 1.5% in Central.

Retail property has underperformed for some time as retailers struggle to adjust to the challenge from e-commerce. However, in the UK, first half-year results from Central London retailer Shaftesbury highlighted how West End shops remain largely insulated from current retail weakness across the country. Earnings per share rose by 2.4% while lettings, lease renewals and rent reviews increased by 4.2% over the period of review. The West End's catering venues and small speciality shops remain attractive to millennials who work or study locally, visit the area to socialise or travel from overseas on short-breaks.

In contrast, although Land Securities announced a 6.3% increase in revenue profit, it saw its adjusted diluted net asset per share fall by 1.0%. This was due to an 11.4% write-down in the valuation of its mass-market Bluewater shopping mall in Kent, reflecting a 0.50% capital rate expansion.

The Australian business of Toys 'R' Us entered voluntary administration, although all stores will remain open while attempts are made to sell the business. Scentre Group is the most exposed landlord with eight stores within its portfolio.

Online shopping continues to drive growth in the logistics market. In Australia, Goodman Group announced its nine months to 31 March 2018 earnings results that revealed a 3.1% like-for-like net property income growth over the period. This reflects the company's attractive exposure to e-commerce growth, especially its relationship with Amazon as it progresses its Australian market entry strategy. It also announced during May that its North American subsidiary Goodman Birtcher had agreed with Amazon a long-term 1.0 million square foot lease on a logistics centre in Eastvale, California. Earlier in the month the company won a tender for a HK$2.75 billion 340,870 square foot logistics site at Tuen Mun in north-western Hong Kong. It is expected to be developed into a key logistics hub when it is connected to the Hong Kong-Zhuhai-Macau Bridge.

The UK's Big Yellow Group announced full year results to 31 March 2018, with like-for-like revenue increasing by 7% and adjusted profit before tax rising by 12%. The UK population is becoming more familiar with the self-storage concept as professionals spend longer periods enjoying urban living in space-constrained homes. This gives rise to attractive structural growth which is relatively cheaper than in the US where the concept has been longer-established.

Despite the Australian residential market now trending downwards, the James Packer-backed Crown Resorts has set prices for apartments above the One Barangaroo casino starting at A$9.5 million. This suggests the ultra-high net worth residential market remains well supported by international buyers.

Portfolio positioning and outlook

Global listed real estate markets continue to be supported by the ongoing economic recovery and interest rates, which either remain at historic lows or are rising in a gradual and predictable manner. However as loose monetary policy is unwound, investors should expect greater volatility than has been seen over recent years.

Retailers are likely to continue to close secondary stores as they concentrate on their prime locations and on developing their e-commerce strategies. This will have significant long term implications for retail listed real estate companies. Mall landlords with premium assets that offer an attractive leisure experience to premium demographics will continue to outperform those that are exposed to secondary developments which are more likely to struggle with e-commerce disruption.

Companies exposed to economic growth, such as hotel and office, are expected to outperform during the next stage of the business cycle. However those perceived by some investors to be 'bond proxies' such as net lease businesses and health care are expected to underperform as global bond yields continue to rise.

Listed real estate companies exposed to longer term secular growth trends in e-commerce and connectivity, such as logistics and data centres are positioned to grow earnings independently of the business cycle.

Investment objective

To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis.

Facts

Fund size	$1,458.01 million	Distribution frequency	Quarterly
Minimum suggested time frame	5 years	Date of last distribution	Mar 2018
Minimum initial investment	$10,000	Distribution cents per unit	0.50
Buy/sell spread	+0.30/-0.30		

For more information

T: 1800 658 404

F: 1800 630 066

W: www.ampcapital.com.au

Or your state account manager

APIR Code AMP9026AU

AMP Capital Investors Limited

ABN 59 001 777 591, AFSL 232497